

AMENDED IN SENATE SEPTEMBER 8, 2003

AMENDED IN SENATE JULY 15, 2003

AMENDED IN ASSEMBLY JUNE 2, 2003

AMENDED IN ASSEMBLY MAY 7, 2003

AMENDED IN ASSEMBLY APRIL 23, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL**No. 1453**

Introduced by Assembly Members Parra, Berg, and Daucher

February 21, 2003

An act to add and repeal Section 12803.3 of the Government Code, and to amend Section 14126.02 of the Welfare and Institutions Code, relating to long-term care.

LEGISLATIVE COUNSEL'S DIGEST

AB 1453, as amended, Parra. Long-term care: *Medi-Cal*: reimbursement.

Existing law establishes a variety of programs relating to long-term care services, including the licensure and regulation of community care facilities and residential care facilities for the elderly by the State Department of Social Services, the licensure of skilled nursing facilities by the State Department of Health Services, and the provision of in-home and community-based services.

This bill would require the California Health and Human Services Agency to incorporate specified research results into the “Money Follows the Individual” portion of the April 1, 2005, version of the

annual Olmstead Plan update, which plan describes the actions that the state can take to improve its long-term care system so that its residents have available an array of community care options that allow them to avoid unnecessary institutionalization. The bill would make these provisions inoperative as of July 1, 2005, and would repeal the provisions as of January 1, 2006.

Existing law also provides for the Medi-Cal program administered by the State Department of Health Services under which qualified low-income persons are provided with health care services.

Existing law requires the department to implement for purposes of reimbursement under the Medi-Cal program a facility-specific rate-setting system by August 1, 2005, subject to federal approval, that reflects the costs and staffing levels associated with quality of care for residents in nursing facilities.

This bill would, instead, require the department to implement the system by August 1, 2004, and would, in addition, make implementation subject to the availability of federal or other funds.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) In April 2003, the California Health and Human Services
4 Agency submitted its Olmstead Plan that describes the actions that
5 California can take to improve its long-term care system so that its
6 residents have available an array of community care options that
7 allow them to avoid unnecessary institutionalization.

8 (b) One component of California's Olmstead Plan is a policy
9 goal to develop a "Money Follows the Individual" model to
10 provide resources for individuals to live in the community, rather
11 than in an institution.

12 (c) Texas and other states have adopted a "Money Follows the
13 Individual" model, which provides purchasing credits for
14 individuals currently residing in nursing facilities in order to give
15 them the choice to move to community-based facilities, including
16 residential care facilities for the elderly, and to receive
17 community-based services.



1 (d) Through the use of purchasing credits, consumers are able
2 to exercise choice in determining which setting best fits their
3 needs.

4 SEC. 2. It is the intent of the Legislature to enact legislation
5 to do both of the following:

6 (a) Require the development of options that would allow
7 seniors and persons with disabilities maximum choice in
8 determining their living arrangements, including the choice to
9 remain in the least restrictive and most homelike environment as
10 they age or become frail, in response to the decision of the United
11 States Supreme Court in *Olmstead v. L. C.* by Zimring (1999) 527
12 U.S. 581.

13 (b) Ensure that seniors and persons with disabilities have
14 access to appropriate health care and personal assistance,
15 regardless of their income level, health status, or choice of housing
16 arrangement.

17 SEC. 3. Section 12803.3 is added to the Government Code, to
18 read:

19 12803.3. (a) California Health and Human Services Agency
20 shall incorporate the following research results into the “Money
21 Follows the Individual” portion of the April 1, 2005, version of the
22 annual Olmstead Plan update:

23 (1) A review of the experiences of other states that have
24 administered a “Money Follows the Individual” program.

25 (2) A review of the need for federal waivers and the timeline
26 for submitting these waivers.

27 (3) A review of payment options available to residents of
28 skilled nursing facilities.

29 (4) An estimate of the number of individuals that may be
30 eligible for a “Money Follows the Individual” program and the
31 potential savings to the state if this type of program was
32 implemented.

33 (5) A review of the methods that can be used to ensure that
34 individuals who decide to transfer into a more independent living
35 environment will receive an adequate level and quality of care.

36 (b) This section shall become inoperative on July, 1, 2005, and,
37 as of January 1, 2006, is repealed, unless a later enacted statute,
38 that becomes operative on or before January 1, 2006, deletes or
39 extends the dates on which it becomes inoperative and is repealed.

1 SEC. 4. Section 14126.02 of the Welfare and Institutions Code
2 is amended to read:

3 14126.02. (a) It is the intent of the Legislature to devise a
4 Medi-Cal long-term care reimbursement methodology that more
5 effectively ensures individual access to appropriate long-term care
6 services, promotes quality resident care, advances decent wages
7 and benefits for nursing home workers, supports provider
8 compliance with all applicable state and federal requirements, and
9 encourages administrative efficiency.

10 (b) (1) The department shall implement a facility-specific
11 rate-setting system by August 1, ~~2005~~ 2004, subject to federal
12 approval *and the availability of federal or other funds*, that reflects
13 the costs and staffing levels associated with quality of care for
14 residents in nursing facilities, as defined in subdivision (k) of
15 Section 1250 of the Health and Safety Code, which shall include
16 hospital-based nursing facilities.

17 (2) The department shall examine several alternative rate
18 methodology models for a new Medi-Cal reimbursement system
19 for skilled nursing facilities to include, but not be limited to,
20 consideration of the following:

21 (A) Classification of residents based on the resource utilization
22 group system or other appropriate acuity classification system.

23 (B) Facility specific case mix factors.

24 (C) Direct care labor based factors.

25 (D) Geographic or regional differences in the cost of operating
26 facilities and providing resident care.

27 (E) Facility-specific cost based rate models used in other states.

28 (c) The department shall submit to the Legislature a status
29 report on the implementation of this section on April 1, 2002, April
30 1, 2003, and April 1, 2004.

31 (d) The alternatives for a new system described in paragraph
32 (2) of subdivision (b) shall be developed in consultation with
33 recognized experts with experience in long-term care
34 reimbursement, economists, the Attorney General, the federal
35 Centers for Medicare and Medicaid Services, and other interested
36 parties.

37 (e) In implementing this section, the department may contract
38 as necessary, on a bid or nonbid basis, for professional consulting
39 services from nationally recognized higher education and research
40 institutions, or other qualified individuals and entities not

1 associated with a skilled nursing facility, with demonstrated
2 expertise in long-term care reimbursement systems. The
3 rate-setting system specified in subdivision (b) shall be developed
4 with all possible expedience. This subdivision establishes an
5 accelerated process for issuing contracts pursuant to this section
6 and contracts entered into pursuant to this subdivision shall be
7 exempt from the requirements of Chapter 1 (commencing with
8 Section 10100) and Chapter 2 (commencing with Section 10290)
9 of Part 2 of Division 2 of the Public Contract Code.

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